

PRESENTATION TO BOARD OF MANAGERS OF LTL MANAGEMENT LLC

March 28, 2023

REVIEW OF STATUS OF LTL CHAPTER 11 CASE

- **Status of the LTL Chapter 11 Case as of January 30, 2023**
 - Preliminary injunctions protecting affiliates/third parties in effect
 - Tort claimants
 - Hall securities plaintiffs
 - State attorneys general (AGs)
 - Mediation/negotiations ongoing
 - Estimation ongoing
 - Plan exclusivity still in effect
- **Third Circuit Panel January 30, 2023 Dismissal Opinion**
 - Directed Bankruptcy Court to dismiss LTL chapter 11 case
 - Based on LTL's lack of "financial distress" at the time of filing
 - Particular focus on J&J funding agreement obligation

REVIEW OF STATUS OF LTL CHAPTER 11 CASE (cont'd)

- **Post-Opinion Appellate Litigation and Milestones**

- LTL filed petition for panel and en banc rehearing with Third Circuit; petition was denied on March 22
- LTL filed a motion for stay of the “mandate” with the Third Circuit panel; motion is currently pending, with objections due on March 28
- Third Circuit would issue its dismissal mandate 7 days after entry of an order denying motion for stay
- Dismissal of chapter 11 case would occur upon entry of dismissal order by Bankruptcy Court, the exact timing of which is unclear

UPDATE REGARDING DISCUSSIONS WITH TALC CLAIMANTS

- Law firms representing thousands of claimants have signed, or are expected to sign, Plan Support Agreements
 - These law firms act on behalf of approximately 55,000 talc claimants
 - Negotiations with other law firms are continuing
- These Plan Support agreements provide that the law firms will support confirmation of a chapter 11 plan of reorganization that contains specified terms
- These Plan Support Agreements remain subject to corporate approvals from LTL (through its Board of Managers), Holdco and J&J and execution by those entities

SUPPORTED PLAN TERMS

- **Resolution** - all current and future talc claims (personal injury and AG claims) against LTL and related parties would be resolved for a total contribution from LTL not to exceed \$8.9B present value
- **Payments** - payments would be made to a talc trust at and after plan confirmation as follows:

Payment Date	Payment Amount
Within 30 days	\$3B
1st anniversary	\$2.9B
2nd anniversary	\$1B
7th anniversary	\$1B
12th anniversary	\$1B
17th anniversary	\$1B
21st anniversary	\$1B
25th anniversary	\$1.18B
Total	\$12.08B

SUPPORTED PLAN TERMS (cont'd)

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

SUPPORT OF FUTURE CLAIMANTS' REPRESENTATIVE (FCR)

- Separate discussions have occurred with FCR
- FCR is supportive of a second LTL chapter 11 case in the event the current case is dismissed
 - FCR has agreed to sign and submit a declaration in support of a new chapter 11 case
- In addition, discussions are ongoing to obtain a Plan Support Agreement from the FCR



DUTIES OF LTL MANAGERS

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

PROTECTIONS FOR LTL MANAGERS

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

LTL OPTIONS IN EVENT OF DISMISSAL OF CURRENT CHAPTER 11 CASE

- **Return to MDL/Tort System** - defend claims in the MDL/tort system with resolution of individual talc claims by dismissal, judgment or settlement
 - Pros
 - Cons
- **Recapitalization and Sale** - pursue, subject to obtaining the support of J&J and Holdco, the recapitalization of LTL and sale to third-party claims administrator with litigation/resolution of individual talc claims in the MDL/tort system by purchaser
 - Pros
 - Cons
- **New Chapter 11 Case** - file new chapter 11 case with resolution of all talc liability by creation of trust or trusts pursuant to a chapter 11 plan of reorganization containing the terms specified in the Plan Support Agreements
 - Pros
 - Cons

CONSIDERATIONS REGARDING IMMEDIATE FILING OF NEW CHAPTER 11 CASE

- Benefits of chapter 11 include:
 - Complete, permanent and equitable resolution of all current and future claims
 - Prompt payments to all claimants; equivalent treatment of claimants
 - Elimination of uncertainty, disparate results and escalating costs in tort system; assurance that future claimants receive same treatment as current claimants
 - Stay of all talc litigation pending resolution in bankruptcy
- Filing of a new chapter 11 case supported by claimant law firms and FCR
 - Law firms for thousands of claimants have signed, or are expected to sign, Plan Support Agreements
 - FCR has agreed to sign and submit a declaration in support of filing a new chapter 11 case
- Prompt filing is:
 - Supported by the benefits of chapter 11 described above
 - Required by the Plan Support Agreements

CONSIDERATIONS REGARDING FILING IN NEW JERSEY



- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]

POTENTIAL MODIFICATIONS TO EXISTING FUNDING ARRANGEMENTS



- **Third Circuit Opinion**

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

POTENTIAL MODIFICATIONS TO EXISTING FUNDING ARRANGEMENTS (cont'd)

- **Potential Modifications to Existing Funding Arrangements**

- **Current Draft of Termination and Substitution Agreement**

- Terminates existing Funding Agreement among LTL, Holdco and J&J and related Commitment and Loan Agreement between Holdco and J&J
 - Obligates Holdco and LTL to enter into a new Funding Agreement
 - Obligates J&J, Holdco and LTL to enter into a new Support Agreement

- **Current Draft of New Funding Agreement**

- Eliminates J&J as a payor
 - Limits Holdco's obligation to provide funding for one or more trusts under a chapter 11 plan to such trusts created under a plan containing terms specified in the Plan Support Agreements
 - Eliminates "JJCI Value" as a cap on the funding obligation
 - Adds automatic termination once LTL's talc liability has been satisfied and no "Permitted Funded Uses" remain

POTENTIAL MODIFICATIONS TO EXISTING FUNDING ARRANGEMENTS (cont'd)

■ Current Draft of New Support Agreement

- Obliges LTL to file a new voluntary case under chapter 11
- Obliges J&J during that new chapter 11 case (but not during any subsequent LTL chapter 11 case) to provide trust funding on Holdco's behalf if Holdco fails to do so under the terms of the new Funding Agreement
- Obliges Holdco to:
 - reimburse J&J for any payment made by J&J (and, if reimbursement is not made within 5 business days, any amount not so reimbursed will be deemed financed by a loan); and
 - pay J&J a monthly support fee so long as J&J's support obligation exists
- Prohibits LTL and Holdco from amending, or assigning rights or obligations under, the new Funding Agreement without J&J's consent
- Automatically terminates upon the effective date of a plan or entry of a final order dismissing the new chapter 11 case or converting it to a chapter 7 case
- Gives J&J a right to terminate upon a material breach by LTL or certain bankruptcy-related events, in each case subject to a 5-business day cure right

SUMMARY OF KEY MODIFICATIONS OF EXISTING FUNDING ARRANGEMENTS

- J&J is not a payor under the new Funding Agreement
- J&J's obligation under the new Support Agreement is limited to making payment on Holdco's behalf, during the new chapter 11 case (but not during any subsequent chapter 11 case), if Holdco fails to make a payment for plan trust funding that is required under the new Funding Agreement
- Under the new Funding Agreement, Holdco is required to make a payment for plan trust funding only if such funding is for one or more trusts created under a plan of reorganization containing terms described in the Plan Support Agreements among LTL, Holdco, J&J and certain claimant law firms, as the same may be amended

DISCUSSION – POTENTIAL NEW CHAPTER 11 CASE FOLLOWING EXECUTION OF PLAN SUPPORT AGREEMENTS AND MODIFICATION OF FUNDING ARRANGEMENTS

- [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]

DISCUSSION – POTENTIAL NEW CHAPTER 11 CASE FOLLOWING EXECUTION OF PLAN SUPPORT AGREEMENTS AND MODIFICATION OF FUNDING ARRANGEMENTS (cont'd)



- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

DISCUSSION – POTENTIAL NEW CHAPTER 11 CASE FOLLOWING EXECUTION OF PLAN SUPPORT AGREEMENTS AND MODIFICATION OF FUNDING ARRANGEMENTS (cont'd)

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

FINANCIAL CONSIDERATIONS – LTL'S ASSETS (EXCLUDING NEW FUNDING ARRANGEMENTS)

- Cash - \$30M
- Ownership in RAM - \$360M+
- Insurance (disputed) - \$1.95B

FINANCIAL CONSIDERATIONS – HOLDCO FUNDING OBLIGATION

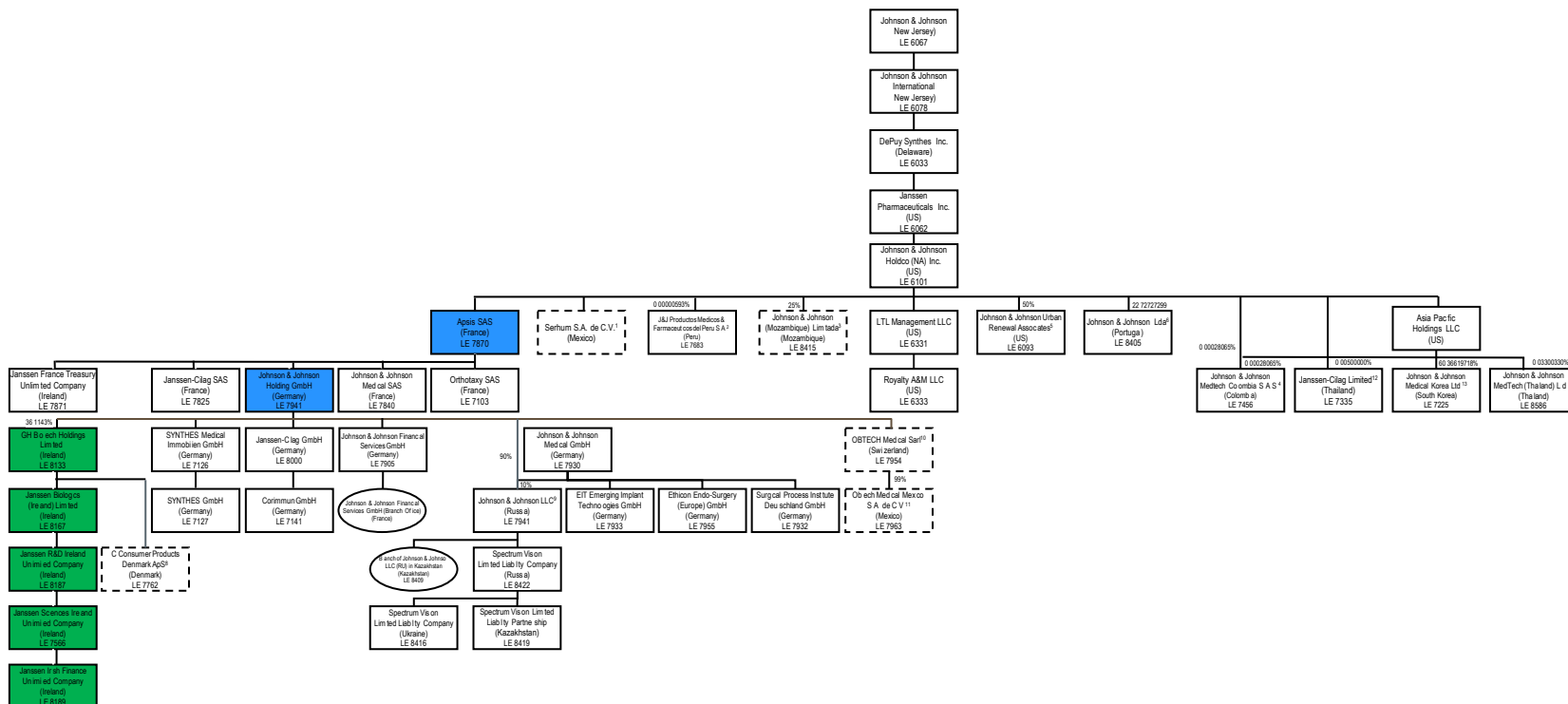
- In November 2021, J&J announced its intent to spin off its consumer business, creating a newly publicly traded company; Holdco has since taken various steps to facilitate that spin-off
 - In December 2022, Holdco distributed its consumer business assets and liabilities to its parent entity Janssen Pharmaceuticals Inc. and changed its name from “Johnson & Johnson Consumer Inc.” to “Johnson & Johnson Holdco (NA) Inc.”
- Under the modified funding arrangements, Holdco would be obligated to provide funding to LTL both (1) when there is no LTL chapter 11 case pending and (2) during the pendency of a LTL chapter 11 case; however, Holdco’s obligation to provide funding for one or more trusts created under a plan of reorganization would be limited to such trusts created under a plan containing the terms described in the Plan Support Agreements among LTL, Holdco, J&J and certain claimant law firms, as the same may be amended
- Subsequent to the distribution by Holdco of its consumer business assets and liabilities to facilitate the consumer business spin-off, Holdco continues to have ownership interests in various largely foreign-based subsidiaries (see organizational chart below); these include operating and treasury companies

FINANCIAL CONSIDERATIONS – HOLDCO FUNDING OBLIGATION (cont'd)

- Most value held through Apsis subsidiary (France) and its 36.1% interest in GH Biotech Holdings Limited (Ireland)
 - Janssen Sciences Ireland Unlimited Company (Ireland)
 - Limited risk distributors and medical device entities
 - Various other entities
- J&J has preliminary, directional valuation information for most entities held by Holdco

FINANCIAL CONSIDERATIONS – HOLDCO FUNDING OBLIGATION (cont'd)

Johnson & Johnson Holdco (NA) Inc. (US – 6101) (“Old JJCI”) Structure Chart
As of February 7, 2023



FINANCIAL CONSIDERATIONS – LTL AND HOLDCO ASSETS

Entity	Asset	Estimated Values (without discounts)
LTL		
	Cash	\$30M
	Ownership of RAM	\$367M+
Holdco		
	Cash	\$400M
	36.1% interest in GH Biotech Holdings	\$20B
	2022 GH Biotech dividend	\$1.8B
	Other subsidiaries	\$6B
	Total	~ \$29B

- Based on most-current valuations, some of which are preliminary
- Updated valuations for many entities in process; change to GH Biotech could be material
- Does not include discounts for minority interests or lack of liquidity

FINANCIAL CONSIDERATIONS – LTL AND HOLDCO LIABILITIES

- Minor accrued (non-talc) liabilities (\$225,000) at LTL
 - Multiple talc-related liabilities (personal injury claims, state AG claims, indemnification claims, other)
 - No estimate or valuation of aggregate talc liability
 - [REDACTED]
- [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]
- But costs are anticipated to increase and continue for decades; defense costs are substantial and increasing; settlement demands are increasing; thousands of additional claims are anticipated; almost all state AGs have filed, or are threatening to file, suit; and LTL is subject to a myriad of indemnification claims, including from Imerys where claimants alleged that LTL owed Imerys billions

FINANCIAL CONSIDERATIONS – NEAR-TERM AND LONG-TERM LIQUIDITY

- Existing cash at LTL and HoldCo: \$430M
- Annual earnings from RAM: \$75M
- Holdco would largely be dependent on dividends to fund amounts due under modified funding arrangements
 - >90% of future dividends expected to come from GH Biotech
 - After multi-year effort to allow repatriation, \$1.8B dividend paid in 2022 from GH Biotech but remains at Apsis because it lacked capacity to distribute it upstream
 - LRFP projects same GH Biotech dividend amount in near term
- But dividend flow is subject to potential risks
 - Industry risks
 - Governance/treasury risks
 - Statutory and tax risks
 - Long-term risks
- Ability to borrow may also be constrained

NEXT STEPS

- Continue to monitor and react to developments with respect to motion for stay and potential dismissal of current chapter 11 case
- Continue discussions with talc claimants and FCR to obtain additional Plan Support Agreements
- Finalize modifications to existing LTL funding arrangements
- Prepare first day pleadings for filing of second LTL chapter 11 case
- Prepare for next meeting of LTL Board of Managers